RL-79

SMITH V:LMA T 05/05/82 095210 PRINTER: LI
81 STATE 151497

UNCLASSIFIED

UNCLASSIFIED
PAGE 01 STATE 151497
ORIGIN SPRS-02
INFO OCT-00 ADS-00 AF-10 SSO-00 PA-02 CCO-00 /014 R
DRAFTED BY S/PRESS:ASTOCKMAN:RDP
APPROVED BY S/PRESS:ASTOCKMAN
S/S-O:JTAYLOR

-----------267461

O 101621Z JUN 81
FM SECSTATE WASHDC
TO AMCONSUL CAPE TOWN IMMEDIATE
UNCLAS STATE 151497
FOR DEPUTY SECRETARY
E.O. 12065: N/A
TAGS: SCPN, OVIP (CLARK, WILLIAM P.)
SUBJECT: MORNING NEWS SUMMARY OF WEDNESDAY, JUNE 10, 1981
FOR CLARK TODEP 3
NO. 1
(1) WASHINGTON POST, GEORGE C. WILSON AND JOHN M. GOSHKO, "PRESIDENT FACING DECISION ON MORE F-16S FOR ISRAEL."
PRESIDENT REAGAN MUST DECIDE BY FRIDAY WHETHER TO GO AHEAD WITH THE SCHEDULED DELIVERY OF FOUR MORE F-16 FIGHTER-BOMBERS TO ISRAEL, THE PENTAGON SAID YESTERDAY, EVEN AS ISRAEL'S WEEKEND AIR RAID ON IRAQ'S NUCLEAR POWER PLANT THREATENED TO BUILD INTO ONE OF THE BIGGEST CRISES OF HIS YOUNG ADMINISTRATION.
ASKED IF REAGAN WOULD HOLD UP DELIVERY OF THE ADDITIONAL
UNCLASSIFIED
UNCLASSIFIED
PAGE 02 STATE 151497
F-16S AS PART OF THE U.S. PROTEST OF SUNDAY'S SURPRISE STRIKE, PENTAGON SPOKESMAN CATTO SAID: "IT'S TOO EARLY TO TELL. I CAN'T RULE IT IN; I CAN'T RULE IT OUT."
THE PRESIDENT AND HIS PRINCIPAL NATIONAL SECURITY ADVISERS MET FOR 1 1/2 HOURS LATE YESTERDAY TO DISCUSS THE SITUATION. NO ANNOUNCEMENTS WERE MADE ABOUT THE DISCUSSIONS, BUT SECRETARY HAIG SAID AFTERWARD THAT "NO DECISIONS OF ANY KIND" WERE MADE ABOUT THE F-16S AWAITING SHIPMENT TO ISRAEL. HAIG SAID THAT A REPORT BY THE ADMINISTRATION ON WHETHER ISRAEL VIOLATED U.S. LAWS IN USING AMERICAN-SUPPLIED AIRCRAFT TO ATTACK THE IRAQI INSTALLATION SHOULD BE READY IN 24 TO 48 HOURS.
REAGAN'S DECISION ON DELIVERY OF THE ADDITIONAL F-16S MAY BECOME A RALLYING POINT IN THE DEBATE OVER WHETHER THE ISRAELI RAID WAS LEGITIMATE SELF-DEFENSE AGAINST A GRAVE NUCLEAR THREAT OR AN OUTLAW ACT IN VIOLATION OF AGREEMENTS ON THE USE OF AMERICAN-SUPPLIED WEAPONS. CONDEMNATION OF THE RAID CAME FROM SEVERAL MEMBERS OF CONGRESS, ALTHOUGH OTHERS DEFENDED IT.
ISRAELI PRIME MINISTER MENACHEM BEGIN WROTE REAGAN ABOUT THE RAID, WHITE HOUSE OFFICIALS SAID. A WHITE HOUSE
UNCLASSIFIED

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY J.L. DATE 9/30/82
1017537 /43
RDS☐ or XDS☐ EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☒
RELEASE DENIED☐
PA or FOI EXEMPTIONS

SPOKESMAN, WHEN ASKED, SAID YESTERDAY HE DID NOT KNOW WHY THE ADMINISTRATION'S REACTION WAS DELAYED 24 HOURS.
THE KEY QUESTION CONFRONTING REAGAN, CATTO INDICATED, IS NOT WHETHER ISRAEL VIOLATED ARMS-SALES AGREEMENTS, BUT BY HOW MUCH. THOSE AGREEMENTS RESTRICT ISRAEL'S USE OF

AMERICAN-SUPPLIED WEAPONS TO NATIONAL AND REGIONAL DEFENSE.
SAID CATTO:
"IF THE VIOLATION IS FOUND TO BE SUBSTANTIAL," ISRAEL "WILL BE INELIGIBLE FOR FUTURE DELIVERIES" OF ARMS. "THE LAW DOESN'T SPELL OUT SUBSTANTIAL. THAT BECOMES A MATTER OF ART, NOT SCIENCE, SO THAT'S A SUBJECTIVE JUDGMENT THAT HAS TO BE MADE."
CATTO ALSO SPOTLIGHTED ANOTHER LOOPHOLE AVAILABLE TO REAGAN, SAYING: "THE PRESIDENT CAN FIND THAT U.S. SECURITY WOULD BE ADVERSELY AFFECTED BY SUCH A CUTOFF, IN WHICH CASE HE CAN CONTINUE TO MAKE DELIVERIES."
PATTING THE BALL INTO CONGRESS' COURT, HE ADDED: IF A JOINT RESOLUTION IS PASSED BY CONGRESS DETERMINING THAT THERE IS SUBSTANTIAL VIOLATION, DELIVERIES CAN BE FINALLY AND PERMANENTLY CUT OFF."
SENATE MINORITY LEADER ROBERT C. BYRD (D-W.VA.) SAID YESTERDAY THAT HE WAS "A LITTLE AMAZED" THAT U.S. INTELLIGENCEDID NOT DETECT THE RAID, NOTING THAT FOUR AWACS SENTRY PLANES ARE ON DUTY IN SAUDI ARABIA.
AT THE PENTAGON, CATTO REJECTED THE IDEA THAT THE UNITED STATES HAD SUFFERED AN INTELLIGENCE GAP. "THERE IS NO CONCERN THAT U.S. INTELLIGENCE HAS IN ANY WAY, SHAPE OR FORM FAILED," HE SAID.
"THERE WAS NO WAY IN THE WORLD FOR THE AWACS TO HAVE PICKED THIS UP. IT WAS SIMPLY TOO FAR AWAY. THE AWACS MISSION IS AIMED STRICTLY AT THE ARABIAN GULF, NOT TOWARD THE NORTH. IT WAS CARRYING OUT ITS MISSION. THERE WAS NOT A SINGLE SOLITARY BLIP.

2. "GRAIN BUT NO BUTTER"; (SUBTITLE: 'NATIONS PURCHASING DAIRY SURPLUS MAY NOT SELL IT TO SOVIET UNION') BY LOU CANNON AND LEE LESCAZE; THE WASHINGTON POST.
THE REAGAN ADMINISTRATION INTENDS TO SELL SURPLUS BUTTER TO FOREIGN COUNTRIES UNDER SPECIFIC RESTRICTIONS THAT NONE OF IT BE RESOLD TO THE SOVIET UNION, ACCORDING TO WHITE HOUSE SOURCES.
THESE SOURCES SAID SECRETARY HAIG HAD CONVINCED PRESIDENT REAGAN AND HIS TOP ADVISERS THAT IT WOULD BE "SENDING THE WRONG SIGNAL" TO SELL THE RUSSIANS U.S. BUTTER ALONG WITH THE BREAD PROVIDED THEM BY THE LIFTING OF THE SOVIET GRAIN EMBARGO.

SMITH VELMA T 05/05/82 095211 PRINTER: LI
81 STATE 151497
UNCLASSIFIED
HAIG'S INTERVENTION, FIRST IN A TELEPHONE CALL TO MEESE AND THEN IN AN APPEAL AT LAST WEEK'S CABINET MEETING, BLOCKED A PLAN OF AGRICULTURE DEPARTMENT OFFICIALS TO DISPOSE OF THE RAPIDLY MOUNTING BUTTER SURPLUS ON THE WORLD MARKET, WHERE ITS ALMOST CERTAIN DESTINATION WAS THE SOVIET UNION AND EASTERN BLOC COUNTRIES. ONE WHITE HOUSE SOURCE WHO IS NOT USUALLY CONSIDERD A BOOSTER OF HAIG DESCRIBED THE SECRETARY OF STATE'S CABINET COMMENTS AS "ELOQUENT AND CONVINCING."
REAGAN TOLD THE CABINET AFTER HAIG SPOKE THAT HE WAS TAKING THE MATTER "UNDER ADVISEMENT," MEANING HE COULD DECIDE IT AT ANY TIME WITHOUT NECESSARILY BRING THE ISSUE BACK TO THE CABINET OR TO THE NSC, WHICH JOINED IN OPPOSING THE SALE. BUT THE PRACTICAL EFFECT OF THE PRESIDENT'S ACTION WAS TO SEND THE AGRICULTURAL DEPARTMENT BACK TO THE DRAWING BOARD WHILE TRADE REPRESENTATIVE BROCK EXPLORED WAYS TO REDUCE
UNCLASSIFIED
UNCLASSIFIED
PAGE 05 STATE 151497
TEH BUTTER SURPLUS WITHOUT SENDING IT TO THE RUSSIANS. BROCK ALSO OPPOSED THE SALE AND BOTH HE AND HAIG CITED THE UNFAVORABLE IMPACT IT WOULD HAVE ON NEW ZEALAND, AUSTRALIA AND EUROPEAN COMMON MARKET COUNTRIES THAT ARE THE CHIEF EXPORTERS OF BUTTER.
THE REAGAN ADMINISTRATION NOW HOPES TO OVERCOME SOME OF THE OBJECTIONS BY SELLING TO NATIONS WHICH ARE NOT PRIME EXPORTERS FROM THESE COUNTRIES. A BUTTER EXPORTER MENTIONED BOTH POLAND, TO WHICH THE UNITED STATES PROVICED $73 MILLION WORTH OF DRIED MILK AND BUTTER IN APRIL IN EXCHANGE FOR NEAR-WORTHLESS POLISH CURRENCY, AND MEXICO WHERE BUTTER IS REPORTED IN SEORT SUPPLY.
SECRETARY BLOCK, WHILE DECLINING TO SPECIFICALLY CONFIRM THE COUNTRIES TO WHICH THE BUTTER WOULD BE SENT, SAID THERE WAS "A GENERAL SHORTAGE OF BUTTER IN THE WORLD RIGHT NOW" AND A "BROAD SPECTRUM" OF POTENTIAL BUYERS.
"IT WOULD BE ALMOST CRIMINAL TO TAKE GOOD BUTER AND TURN IT INTO DOG FOOD WHEN THERE ARE PEOPLE WHO WANT TO BUY IT, BUT THAT'S WHAT WILL HAPPEN IF WE CAN'T SELL IT," BLOCK SAID.
NONETHELESS, SEVERAL HIGH-LEVEL ADMINISTRAITON SOURCES SAID THERE WILL BE NO SALE UNLESS THE BUYER AGREES NOT TO RESELL OR TRANSSHIP THE BUTTER TO THE SOVIET UNION. AN AGRICULTURE DEPARTMENT OFFICIAL CITED PRECEDENCE FOR THIS IN THE NIXON ADMINISTRATION, WHICH IN 1969 AND 1970 SOLD BUTTER TO CANADA AND THE UNITED KINGDOM UNDER SPECIFIC CONDITIONS THAT IT NOT BE RESOLD.
HAIG'S ARGUMENT FOR ATTACHING CONDITIONS TO ANY BUTTER SALE WAS MORE PERSUASIVE THAN HIS OPPOSITION TO THE GRAIN EMBARGO FOR TWO REASONS, ACCORDING TO ADMINISTRATION SOURCES. ONE IS THAT THE PRESIDENT HAD MADE NO CAMPAIGN
UNCLASSIFIED
UNCLASSIFIED

PROMISE ON THIS ISSUE, AS HE DID TO LIFT THE GRAIN EMBARGO.
THE OTHER IS THAT DAIRY FARMERS, WHO IN 1980 RECEIVED FAR LARGER FEDERAL BENEFITS THAN OTHER GROUP OF U.S. FARMERS, DO NOT ENJOY ANY SPECIAL SYMPATHY AT THE WHITE HOUSE, WHICH HAS BEEN TRYING TO REDUCE THEIR SUBSIDIES.
HOWEVER, THE PROBLEM OF STORING THE SURPLUS BUTTER HAS BECOME AN ACUTE ONE FOR THE U.S. GOVERNMENT. ITS SURPLUS STOCKS TOTALED 411 MILLION POUNDS AT THE END OF MAY AND ARE GROWING BY 10 MILLIONS POUNDS A WEEK. AGRICULTURE DEPARTMENT OFFICIALS SAY THAT "REASONABLE COST STORAGE" IS LIMITED TO BETWEEN 500 MILLION AND 550 MILLION TONS, A FIGURE THAT WOULD BE REACHED IN SEPTEMBER IF NO SALES ARE MADE.
3. "BREZHNEV DISPUTES U.S. STATEMENTS THAT ARMS TALKS WILL BEGIN SOON" (BYLINE: MOSCOW), THE WASHINGTON POST.
SOVIET LEADER LEONID BREZHNEV TONIGHT DISPUTED REAGAN ADMINISTRATION STATEMENTS THAT THE U.S. ANDTHE SOVIET UNION ARE ABOUT TO BEGIN LOW-LEVEL TALKS ON LIMITING MEDIUM-RANGE NUCLEAR WEAPONS IN WESTERN EUROPE.
THE SOVIET COMMUNIST PARTY CHIEF WAS QUOTED BY THE OFFICIAL TASS NEWS AGENCY AS SAYING THAT U.S. GOVERNMENT DISCLOSURES ABOUT IMMINENT TALKS "UNFORTUNATELY NOT A SINGLE REAL STEP HAS BEEN (MADE BY) THE U.S. SO FAR SINCE THE PRESENT ADMINISTRATION CAME TO POWER TO CONTINUE,EVEN ON A PRELIMINARY BASIS, DISCUSSION OF THE ESSENCE OF THESE QUESTIONS." TASS SAID BREZHNEV MADE THE COMMENTS AT A BANQUET HONORING ALGERIAN PRESIDENT CHADLI BENJEDID.
UNCLASSIFIED

LAST WEEKEND, STATE DEPARTMENT OFFICIALS SAID BILATERAL TALKS WITH SOVIET EMBASSY STAFF IN WASHINGTON WOULD START SOON. THE SOVIETS HAVE DEMANDED THAT THE NATO REVERSE ITS DECISION TO DEPLOY ADVANCED CRUISE AND PERSHING MISSILES IN WESTERN EUROPE AS A PRECONDITION TO REGIONAL TALKS ON MEDIUM-RANGE WEAPONS.
BREZHNEV ACCUSED THE UNITED STATES OF ;DELAYING ON VARIOUS PRETEXTS THE BEGINNING OF A DISCUSSION, WHILE WE, FOR OUR PART, ARE PREPARED FOR IT AT ANY TIME."
BREZHNEV SAID THE SOVIETS "DO NOT SEEK A CONFRONTATION WITH THE U.S.A.; WE DO NOT ENCROACH UPON AMERICA'S LEGITIMATE INTERESTS." HE SAID THE WEST IS "WHIPPING UP HATRED FOR THE SOCIALIST COUNTRIES," PERSECUTING LIBERATION MOVEMENTS AND FOSTERING A "BLOODY WAVE OF TERRORISM BY RIGHT-WING EXTREMISTS ... TO DESTABLIZE POLITICAL LIFE, SUPPRESS DEMOCRACY AND (BRING) TO POWER THE MOST REACTIONARY DICTATORIAL REGIMES" IN TARGET COUNTRIES.
4. "ON SURFACE, HELMS HAS WON LITTLE IN CHALLENGE TO REAGAN DIPLOMACY" BY DON OBERDORFER, THE WASHINGTON POST.
IN MONTHS OF GUERRILLA WAR FROM THE RIGHT AGAINST CENTRIST

TENDANCIES IN REAGAN DIPLOMACY, SEN. JESSE HELMS HAS WON LITTLE THAT IS VISIBLE ON THE SURFACE.
ALL OF THE NOMINEES FOR HIGH STATE DEPARTMENT POSTS WHOM HELMS HAS CONTESTED HAVE BEEN CONFIRMED OR ARE ON THEIR WAY TO CERTAIN CONFIRMATION. NONE OF THE ALTERNATIVE NOMINEES PUBLICLY RECOMMENDED BY HELMS FOR MAJOR POSTS HAVE BEEN HIRED.
NONETHELESS, AN ADMINISTRATION ANXIOUS NOT TO CONFRONT OR OFFEND HIM HAS TIPTOED AND TEMPORIZED, IN WAYS THAT LEAVE THE IMPRESSION THAT HELMS IS A MAJOR FORCE IN AMERICAN

FOREIGN POLICY. ABOVE ALL, THE ADMINISTRATION HAS BEEN RELUCTANT TO CLAIM VICTORY.
IN THE SENATE YESTERDAY, HELMS PERMITTED HIMSELV TO BE MANEUVERED BY DEMOCRATS INTO A SHOWDOWN ROLL-CALL VOTE ON THE NOMINATION OF CHESTER CROCKER TO BE ASSISTANT SECRETARY OF STATE FOR AFRICAN AFFAIRS, A POST OF SEEMINGLY GREAT IMPORTANCE TO HELMS. CROCKER WAS CONFIRMED, 84-7, OVER HELM'S OPPOSITION.
THE STRANGE STORY OF HELM'S CHALLENGE AND THE REAGAN ADMINISTRATION'S RESPONSE SHORTLY BEFORE INAUGURATION DAY, WHEN 17 REPUBLICAN SENATORS, MEETING UNDER HELMS' CHAIRMANSHIP AS A "CONSERVATIVE STEERING COMMITTEE," DISCUSSED WITH GROWING DISMAY THE MANY SENIOR STATE DEPARTMENT POSTS BEING AWARDED TO APOLITICAL, NON-IDEOLOGICAL CAREER FIGURES ASSOCIATED WITH PREVIOUS REPUBLICAN AND DEMOCRATIC ADMINISTRATIONS.
REFLECTING THIS CONCERN, HELMS WROTE PRIVATELY A FEW DAYS LATER TO SECRETARY HAIG.
WHEN THE IMPENDING SELECTION OF HAIG TO BE REAGAN'S TOP DIPLOMAT WAS IN TROUBLE, HELMS CAME TO HAIG'S DEFENSE IN A TELEPHONE DRIVE THAT MAY HAVE SAVED THE NOMINATION. A GRATEFUL HAIG THEREFORE WAS ATTENTIVE TO HELMS, ALTHOUGH AT TEH SAME TIME NOT INCLINED TO JETTISON SENIOR AIDES HAIG HAD CHOSEN.
THE EXPECTED NOMINATIONS CAME SLOWLY TO THE SENATE FROM THE WHITE HOUSE. AT THE END OF MARCH, A DISSATISFIED HELMS BEGAN PLACING "HOLDS" ON SENATE ACTION TO CONFIRM SENIOR STATE DEPARTMENT NOMINEES.

TECHNICALLY, A "HOLD" MEANT ONLY THAT HELMS SHOULD BE NOTIFIED BEFORE FLOOR ACTION WAS TO BEGIN BUT, IN LEGISLATIVE PRACTICE, A "HOLD" BY EVEN A SINGLE SEN. OR IS A BARRIER THAT MUST BE EITHER WITHDRAWN VOLUNTARILY OR OVERWHELMED BY A PARTY LEADERSHIP DECISION TO CONFRONT THE DISSENTER.
IN THE FOREIGN RELATIONS COMMITTEE, CHAIRMAN PERCY WAS READY TO CONFRONT HELMS, EVEN AFTER THE NORTH CAROLINA

SENATOR WENT PUBLIC ON APRIL 24 WITH A 10 PAGE LETTER DETAILING SOME OF HIS OBJECTIONS.
CONTESTED NOMINEES WON COMMITTEE APPROVAL IN LATE APRIL AND EARLY MAY IN A SERIES OF 16-0 VOTES, WITH HELMS NOT PARTICIPATING, BUT HELMS' "HOLDS" STILL HAD TO BE OVERCOME.
-- LAWRENCE S. EAGLEBURGER WON APPROVAL BY LINING UP OVERT WHITE HOUSE BACKING FOR HIS NOMINATION AND CONVINCING HELMS IN A PRIVATE MEETING OF HIS CONSERVATISM.
-- ROBERT D. HORMATS LINED UP SUPPORT AMONG BUSINESS LEADERS CLOSE TO HELMS WHO VALUED HORMATS' WORK IN TRADE AND IMPORT QUESTIONS. THE "HOLD" LIFTED, HORMATS WAS CONFIRMED.
-- THOMAS ENDERS WON HELMS' SUPPORT WITH HIS STRONG ANTI-CUBAN POLICY POSITIONS. HIS NOMINATION IS YET TO BE VOTED ON, BUT HELMS IS NO LONGER A PROBLEM.
IN THESE AND OTHER CASES, HAIG AND THE TOP RANK OF THE WHITE HOUSE LEFT IT TO THE NOMINEES TO DEAL WITH HELMS AS BEST THEY COULD. THIS WAS PARTICULARLY EVIDENT AFTER MAY 15, WHEN HELMS MET UNANNOUNCED WITH HAIG AT THE STATE DEPARTMENT TO PRESENT A LETTER LISTING CONTINUING CONCERNS AND RECOMMENDING OUTSIDERS WHOSE NOMINATION FOR SECOND-

LEVEL POLICY JOBS WOULD EASE THOSE CONCERNS.
AFTER READING HELMS' LETTER, JOHN H. HOLDRIDGE NOTIFIED TWO OF HIS TOP ASSISTANTS THAT THEY WOULD BE LEAVING THEIR POSTS AND TOLD HELMS BY TELEPHONE THAT TWO PERSONS RECOMMENDED BY THE SENATOR WOULD BE ACCEPTABLE IN SUCH HIGH POSITIONS.
THE TWO BEING REPLACED WERE LEAVING ANYWAY, AND HOLDRIDGE KNEW AT THE TIME THAT NEITHER OF THE TWO HELMS-RECOMMENDED REPLACEMENTS WAS INTERESTED IN THE JOBS. HOLDRIDGE'S MANEUVERING, SYNTHETIC OR REAL, CONVINCED HELMS TO LIFT HIS "HOLD" BUT ALSO EMBARRASSED THE STATE DEPARTMENT WHEN THE ARRANGEMENT WAS LEAKED TO THE PRESS FROM CAPITOL HILL.
IN THE CASE OF MYER RASHISH, HELMS STILL HAS NOT GIVEN UP. AT HIS INSISTENCE, THE FOREIGN RELATIONS COMMITTEE IS TO RE-OPEN HEARINGS ON RASHISH THIS MORNING TO HEAR HIS VIEW OF THE SALE OF CATERPILLAR TRACTOR CO. PIPELAYING EQUIPMENT TO TEH SOVIET UNION. HELMS REPORTED THAT RASHISH FAVORED THE SALE.
IN A POLITICAL TWIST WELL KNOWN ON CAPITOL HILL, THE SALE IS BACKED BY COMMITTEE CHAIRMAN PERCY.
PROBABLY THE MOST INTERESTING CASE IS THAT OF CROCKER, NOMINATED TO BE THE STATE DEPARTMENT'S TOP AFRICAN OFFICIAL. THOUGH HIS NOMINATION WAS NOT OPPOSED BY SOUTH AFRICA, WHICH APPEARS TO HAVE PRIVATELY WELCOMED IT, CROCKER HAS BEEN ATTACKED BY HELMS AS INSUFFICIENTLY FRIENDLY TO THAT COUNTRY.

THIS HAS LED TO REPORTS HERE, WHICH ALSO SURFACED IN THE
UNCLASSIFIED

JOHANNESBURG PRESS, THAT EXTREME RIGHT-WING ELEMENTS IN SOUTH AFRICA HAVE A PART IN THE DRIVE AGAINST CROCKER. LATE YESTERDAY, THE NEWLY CONFIRMED CROCKER, ALONG WITH DEPUTY SECRETARY CLARK, LEFT ON A MISSION TO SOUTH AFRICA, ZIMBABWE, AND NAMIBIA. WHETHER CLARK'S PARTICIPATION IS A VOTE OF NO CONFIDENCE IN CROCKER AND HIS POLICIES, OR A VOTE OF CONFIDENCE, DEPENDS ON WHETHER YOU BELIEVE HELMS' AIDES OR THE AFRICAN BUREAU OF THE STATE DEPARTMENT.

5. "U.S. TRYING TO DETERMINE IF ATTACK VIOLATED ACCORD"
BY BERNARD GWERTZMAN, NYT
REAGAN ADMINSTRATION OFFICIALS SAID TODAY THAT THEY EXPECTED TO NOTIFY CONGRESS FORMALLY WITHIN 48 HOURS THAT ISRAEL MAY HAVE VIOLATED ITS ARMS SUPPLY AGREEMENT WITH THE UNITED STATES BY USING AMERICAN WARPLANES IN ITS ATTACK ON AN IRAQI NUCLEAR REACTOR.
HOWEVER, THE OFFICIALS SAID THAT THE ADMINISTRATION WAS STILL WORKING ON A DECISION ON WHAT TO DO NEXT. SEVERAL STATE DEPARTMENT OFFICIALS SAID THAT IT WAS UNLIKELY THAT THE ADMINISTRATION WOULD UNDERMINE ISRAEL'S SECURITY BY ORDERING AN ARMS EMBARGO, ONE OF THE OPTIONS AVAILABLE UNDER AMERICAN LAW.
ON THE OTHER HAND, A SENIOR OFFICIAL SAID, HAVING CONDEMNED THE ISRAELI RAID, THE ADMINISTRATION COULD LOSE CREDIBILITY WITH THE ARABS IF IT ADOPTED THE APPROACH OF NOT TAKING ANY ACTION AGAINST THE ISRAELIS.
SEVERAL OFFICIALS, INCLUDING NICHOLAS VELIOTES, BRIEFED MEMBERS OF CONGRESS PRIVATELY TODAY ON THE ADMINISTRATION'S CONCERNS OVER THE ISRAELI RAID AND SOUGHT TO MEASURE THE REACTION ON CAPITOL HILL.
UNCLASSIFIED

ACCORDING TO PARTICIPANTS IN THE CLOSED-DOOR BRIEFINGS, THE ADMINISTRATION STRESSED THAT ITS CHIEF CONCERN WAS THAT THE ISRAELI ATTACK NOT BE TURNED BY THE SOVIET UNION AND ITS MAJOR SETBACK FOR THE UNITED STATES AND ITS INTERESTS IN THE REGION.
A HIGH-RANKING STATE DEPARTMENT OFFICIAL SAID: "WE HAVE INSTITUTIONAL MEMORIES OF WHAT HAPPENED IN 1967, AND WE'RE TRYING OUR BEST TO AVOID A REPETITION." HE WAS REFERRING TO THE AFTERMATH OF THE SURPRISE ISRAELI AIR RAIDS THAT DEVASTATED EGYPT'S AIR FORCE AT TEH START OF THE WAR IN JUNE 1967.
FOLLOWING THOSE RAIDS, MANY ARAB NATIONS BROKE DIPLOMATIC RELATIONS WITH THE UNITED STATES, AND AMERICAN INFLUENCE IN REGION WAS SET BACK FOR YEARS.
AFTER ISRAEL INFORMED THE UNITED STATES CONFIDENTIALLY ON

SUNDAY AFTERNOON THAT IT HAD BOMBED THE IRAQI REACTOR, OFFICIALS SAID THAT SECRETARY HAIG SENT MESSAGES TO MANY COUNTRIES INFORMING THEM OF THE RAID AND STRESSING THAT THE UNITED STATES HAD NO ADVANCE INFORMATION THAT IT WAS TAKING PLACE.
THE DECISIONS TO "CONDEMN" THE RAIDS YESTERDAY AFTER ISRAEL MADE IT PUBLIC WAS PART OF AN EFFORT TO DISASSOCIATE THE UNITED STATES FROM THE ISRAELI ACTION, THE OFFICIAL SAID. OFFICIALS SAID THAT MR. HAIG INSISTED THAT NO INFORMATION ON THE RAID BE MADE PUBLIC IN WASHINGON BEFORE THE ISRAELIS OR IRAQIS ANNOUNCED IT FOR FEAR THAT IT WOULD SEEM AS IF THE UNITED STATES WAS INVOLVED. THE RAID DID NOT BECOME GENERALLY KNOWN IN THE UNITED STATES UNTIL ALMOST A FULL

DAY AFTER IT OCCURRED.
IN ITS 1952 MILITARY ASSISTANCE AGREEMENT WITH THE UNITED STATES, ISRAEL ASSURED THIS COUNTRY THAT IT WOULD USE ITS AMERICAN-SUPPLIED EQUIPMENT FOR "LEGITIMATE SELF-DEFNESE" AND THAT "IT WILL NOT UNDERTAKE ANY ACT OF AGGRESSION AGAINST ANY OTHER STATE."
THE ARMS EXPORT CONTROL ACT, AS AMENDED IN 1976 BY CONGRESS, OBLIGES THE ADMINISTRATION TO REPORT TO CONGRESS PROMPTLY WHEN IT HAS INFORMATION THAT A VIOLATION OF AN ARMS SUPPLY AGREEMENT "MAY HAVE OCCURRED." ADMINISTRATION OFFICIALS SAID THAT THE REPORT BEING PREPARED FOR CONGRESS WOULD LIKELY SAY THAT ISRAEL MAY HAVE VIOLATED THE AGREEMENT. THE ISRAELIS CONTEND, HOWEVER, THAT THE RAID WAS IN SELF-DEFENSE TO PREVENT IRAQ FROM DEVELOPING NUCLEAR ARMS THAT MIGHT HAVE BEEN USED AGAINST ISRAEL.
THE ARMS EXPORT CONTROL ACT SAYS THAT NO MILITARY CREDITS OR SALES MAY BE PROVIDED TO A COUNTRY IN "SUBSTANTIAL VIOLATION" OF AN ARMS SUPPLY AGREEMENT.
BUT THE LAW HAS SOME IMPORTANT "LOOPHOLES" OFFICIALS SAID. A COUNTRY CAN ONLY BE DECLARED INELIGIBLE FOR ARMS FROM THIS COUNTRY "IF THE PRESIDENT SO DETERMINES AND SO REPORTS IN WRITING TO THE CONGRESS, OR IF THE CONGRESS SO DETERMINES BY JOINT RESOLUTION."
IN THE ONLY CASE IN WHICH AN ALLIED COUNTRY WAS PUT UNDER SUCH AN EMBARGO, THE CONGRESS OVERRODE OBJECTIONS BY PRESIDENT FORD IN 1975 AND ORDERED A BAN ON MILITARY AID TO TURKEY BECAUSE OF THAT COUNTRY'S USE OF AMERICAN EQUIPMENT IN INVADING CYPRUS.
6. "REPRISAL ACTION BY IRAQ? THE OPTIONS ARE LIMITED" BY

DREW MIDDLETON, SPECIAL TO "THE" NYT
IRAQ'S OPTIONS FOR EFFECTIVE RETALIATION TO THE ISRAELI RAID ON ITS NUCLEAR REACTOR NEAR BAGHDAD APPEAR EXTREMELY

LIMITED. BUT UNITED STATES AND NATO MILITARY ANALYSTS, AS WELL AS SOME ARAB MILITARY SOURCES, BELIEVE IRAQ IS UNLIKELY TO ACCEPT THE HUMILIATION OF THE ATTACK WITHOUT ATTEMPTING SOME FORM OF REPRISAL. THE POSSIBILITY THAT REPRISAL ACTION MIGHT LEAD TO A ANOTHER ARAB-ISRAELI WAR IS A MAJOR SOURCE OF CONCERN. A RELATED ISSUE IS WHETHER THE ISRAELIS INTEND TO ESTABLISH A NUCLEAR MONOPOLY IN THE MIDDLE EAST.
MOST ANALYSTS ARE CERTAIN TAHT ISRAEL HAS A STORE OF NUCLEAR DEVICES AND THE MEANS, EITHER BY BOMBER OR MISSILE, TO DELIVER THEM. AS THEY SEE IT, THE QUESTION IS WHETHER ISRAEL WILL BE PREPARED TO TOLERATE THE INSTALLATION OF NUCLEAR REACTORS BY ANY ARAB COUNTRY IF ITS INTELLIGENCE SERVICES SUSPECT THAT THE ARAB COUNTRY MIGHT BE MAKING NUCLEAR/WEAPONS.
IT IS QUITE POSSIBLE, ONE SENIOR AMERICAN OFFICER SAID, THAT IN THE FUTURE KUWAIT OR SAUDI ARABIA MIGHT WISH TO BUILD A REACTOR. IS THAT REACTOR, HE ASKED, TO BE PERMANETLY AT RISK BECAUSE THE ISRAELIS SUSPECT THAT IT COULD BE USED FOR MAKING NUCLEAR WEAPONS?
(SUBTITLE: 'OUTLOOK FOR MIDEAST UNCLEAR')
ALTHOUGH SOME ANALYSTS BELIEVE THE RAID COULD LEAD TO A NEW PERIOD OF STABILITY IN THE MIDDLE EAST, THE MAJORITY FORESEE AN INCREASINGLY EXPLOSIVE SITUATION IN WHICH, ONE SAID, POLITICAL DEMONSTRATIONS AT THE UNITED NATIONS

AND ELSEWHERE MIGHT BE USED TO CLOAK PREPARATIONS FOR ATTACKS ON ISRAEL.
THE ANALYSTS FEEL THAT IRAQ HAS TWO OPTIONS FOR MILITARY REPRISAL AGAINST ISRAEL. ONE IS THE USE OF BOMBERS, THE OTHER THE FIRING OF SURFACE-TO-SURFACE MISSILES.
IRAQ'S STRATEGIC CONSTRAINT IS THAT ITS FORCES ARE REPROTEDLY PREPARING FOR AN ASSAULT ON ABADAN AS PART OF THE IRANIAN WAR. THE ATTACK IS EXPECTED TO INVOLVED AIR AS WELL AS GROUND FORCES. ANY DIVERSION OF AIR FORCES TO A RAID ON ISRAEL, ANALYSTS SAID, WOULD REDUCE IRAQ'S HOPES OF CONQUERING ABAIAN AND FREEING THE SHATT AL ARAB WATERWAY FROM IRANIAN ARTILLERY FIRE.
BEYOND THAT, ANALYSTS AGREED, ANY RETALIATORY STRIKE WOULD HAVE TO OVERCOME AN ISRAELI FIGHTER FORCE ARMED WITH AMERICAN-SUPPLIED F-15'S AND F-16'S, BELIEVED TO BE SUPERIOR TO ANY IRAQI AIRCRAFT AND FLOWN BY VETERAN PILOTS.
THE REACTOR RAID HAS PROBABLY SERVED TO WARN SYRIA, AS WELL AS IRAQ, THAT ISRAELI AIR POWER IS CAPABLE OF STRIKING DEEP INTO HOSTILE TERRITORY WHEN NEEDED.
7. "ATTACK COMPLICATES NEW REAGAN POLICY," BY JUDITH MILLER, THE NEW YORK TIMES
ISRAEL'S DECISION TO DESTROY AN IRAQI NUCLEAR REACTOR HAS INTRODUCED A NEW COMPLICATION INTO THE REAGAN ADMINIS-

TRATION'S EFFORT TO FORMULATE A POLICY INTENDED TO PREVENT THE SPREAD OF NUCLEAR WEAPONS.
FOR MONTHS, THE ADMINISTRATION HAS BEEN REVIEWING PRESIDENT CARTER'S POLICY AND A 1978 LAW THAT REGULATES THE MOVEMENT OF NUCLEAR TECHNOLOGY AND FUEL THAT HAS A WEAPONS POTENTIAL.

THE OBJECTIVE WAS TO EASE SOME OF THE RESTRICTIONS ON EXPORTS TO "RELIABLE" NATIONS THAT ARE PURSUING PEACEFUL NUCLEAR PROGRAMS. THAT REVIEW WAS IN A FINAL STAGE, ACCORDING TO ADMINISTRATION OFFICIALS, AND THE NEW POLICY WAS EXPECTED TO HAVE BEEN UNVEILED SOON.
SEVERAL MEMBERS OF CONGRESS SAID TODAY, HOWEVER, THAT THEY BELIEVED THAT THE ISRAELI AIR STRIKE WOULD SET BACK THE REVIEW AND WOULD INCREASE PRESSURE ON THE ADMINISTRATION TO TIGHTEN RESTRICTIONS AND STEP UP INTERNATIONAL EFFORTS TO STEM THE FLOW OF NUCLEAR FUEL AND SOPHISICATED EQUIPMENT.
"THE RAID HAS CLEARLY DEMONSTRATED THE NEED FOR A TOUGH NONPROLIFERATION POLICY," SAID REPRESENTATIVE BINGHAM, DEMOCRAT OF NEW YORK, WHO HELPED DRAFT THE 1978 LAW.
THE 1978 LAW AND THE CARTER POLICY ATTEMPTED TO STOP THE SPREAD OF NUCLEAR WEAPONS BY CREATING AN INTERNATIONAL SYSTEM IN WHICH THERE WOULD BE "TIMELY WARNING" SHOULD AN IMPORTER OF NUCLEAR FUEL AND TECHNOLOGY, OSTENSIBLY FOR PEACEFUL PURPOSES, ATTEMPT TO CONVERT THE PROGRAM TO MILITARY PURPOSES.
AS PART OF THAT APPROACH, THE CARTER ADMINISTRATION TRIED TO ENCOURAGE THE DEVELOPMENT OF AN ALTERNATIVE TO HIGHLY ENRICHED URANIUM, WHICH A COUNTRY COULD DIRECTLY DIVERT FOR USE IN A WEAPON BEFORE THE FUEL WAS PLACED IN A RESEARCH REACTOR. IT ALSO ATTEMPTED TO HALT THE STOCKPILING OF PLUTONIUM AND THE SPREAD OF REPROCESSING TECHNOLOGY THAT WOULD PERMIT NATIONS TO DEVELOP THEIR OWN SUPPLY OF NUCLEAR WEAPONS MATERIAL.

FINALLY, THE CARTER ALMINISTRATION WORKED TO DISSUADE NUCLEAR EXPORTING NATIONS FROM PROVIDING EQUIPMENT OR TRAINING TO NATIONS THAT WOULD NOT FORESWEAR NUCLEAR WEAPONS, OR TO THOSE THAT HAD DONE SO BUT WHOSE MOTIVES WERE QUESTIONABLE.
A REPORT BY THE REAGAN ADMINISTRATION'S TRANSITION TEAM ENDORSED THE REPROCESSING OF PLUTONIUM IN "RELIABLE" COUNTRIES, RECOMMENDING SPECIFICALLY THAT JAPAN AND WEST EUROPEAN NATIONS BE PERMITTED TO REPROCESS SPENT NUCLEAR FUEL TO EASE THEIR OIL IMPORTING NEEDS. THE "TIMELY WARNING" CONCEPT WAS GIVEN LESS SIGNIFICANCE THAN UNDER THE CARTER POLICY, IN PART BECAUSE OTHER NUCLEAR EXPORTERS HAD

RESISTED UNITED STATES STANDARDS.
THE REAGAN ADMINISTRATION'S POLICY, WHICH HAD BEEN PRIVATELY DISCUSSED WITH KEY MEMBERS OF CONGRESS, WAS SAID TO HAVE INCORPORATED MANY OF THE CONCEPTS ENDORSED BY THE TRANSITION TEAM'S REPORT. BUT BECAUSE OF THE ISRAELI ACTION, CONGRESSIONAL OFFICIALS SAID, THE ADMINISTRATION WILL PROBABLY NOW DELAY THE ANNOUNCEMENT OF THE NEW POLICY.
8. "REAGAN FRIEND TUTTLE PROBED ON INTEREST IN CALIF. BANK" (AP) WASHINGTON STAR.
FEDERAL OFFICIALS ARE INVESTIGATING WHETHER HOLMES TUTTLE, A CLOSE FRIEND OF PRESIDENT REAGAN'S AND FINANCIER CHARLES COOK VIOLATED BANKING LAWS BY OWNING MORE THAN 25 PERCENT OF A BANK WITEOUT RECEIVING A SPECIAL EXEMPTION FROM THE FEDERAL RESERVE BOARD, THE LOSANGELES HERALD EXAMINER SAYS. IN QUESTION WAS WHETHER THE PARTNERSHIP VIOLATED THE FEDERAL BANK HOLDING COMPANY ACT. SUCH A VIOLATION COULD LEAD TO $3.5 MILLION IN FINES, THE NESPAPER SAID YESTERDAY.
THE DISPUTE OVER THE ALLEGED ILLIEGAL OWNERSHIP OF COMMUNITY BANK OF HUNTINGTON PARK IS PASED ON A 1970 AMENDMENT TO THE ACT WHICH SAYS PARTNERSHIPS ARE CONSIDERED HOLDING
UNCLASSIFIED

COMPANIES.
MEANWHILE, THE LOS ANGELS TIMES REPO?RTED THAT THE FEDERAL LEPOSIT INSURANCE CORP.HAS DROPPED ITS INVESTIGATION INTO CHARGES OF ILLEGALITIES IN $26 MILLION IN "INSIDER" LOANS TO THE TUTTLE AND COOK FAMILIES BY COMMUNITY BANK.
TUTTLE, A CAR DEALER WHO SOLD REAGAN A FORD COUPE IN 1946, AND WHO HAS BEEN CREDITED WITH PERSUADING REAGAN TO ENTER POLITICS SOME 20 YEARS AGO, HAD COMPLAINED THE ISSUE WAS "TRIVIAL."
9."FRANCE PROTESTS TO ISRAEL ON RAID" SPECIAL TO N.Y. TIMES
FRANCE'S NEW LEADERS ARE EMBARRASSED AND CONFUSED BY ISRAEL'S DESTRUCTION OF A FRENCH-BUILT NUCLEAR REACTOR IN IRAQ. THE RR RAID CAUSED THE DEATH OF A FRENCE SPECIALIST.
THIS MORNING, FOREIGN MINISTER CHEYSSON FORMALLY PROTESTED TO ISRAELI AMBASSADOR ROSENNE, CALLING THE RAID A BREACH OF INTERNATIONAL LAW. HE NOTED TEAT THE INTERNATIONAL ATOMIC ENERGY AGENCY INSPECTED THE REACTOR IN JANUARY AND FOUND NO EVIDENCE THAT THE IRAQIS WERE PLANNING TO MAKE NUCLEAR WEAPONS, AS ISRAEL INSISTS.
PRIME MINISTER MAUROY PROMPTLY REASSURED ISRAEL, HOWEVER, THAT PRESIDENT MITTERAND WOULD GO AHEAD WITH PLANS TO BECOME THE FIRST FRENCH PRESIDENT TO PAY AN OFFICIAL VISIT TO ISRAEL, SHCEDULED FOR LATER THIS YEAR.
IMMEDIATELY AFTHER THAT S ASSURANCE TO ISRAEL, THE PRIME MINISTER ASSURED IRAQ THAT THE NEW GOVERNMENT WOULD CONSIDER A REQUEST TO REBUILD THE REACTOR.
"IT IS A REQUEST WE WOULD STUDY," MR. MAUROY SAID. "AS YOU KNOW, THESE PROBLEMS HAVE ALREADY WEIGHED HEAVILY ON

SMITH VELMA T 05/05/82 095217 PRINTER: LI
81 STATE 151497
UNCLASSIFIED
THE FRENCH GOVERNMENT." HAIG
UNCLASSIFIED